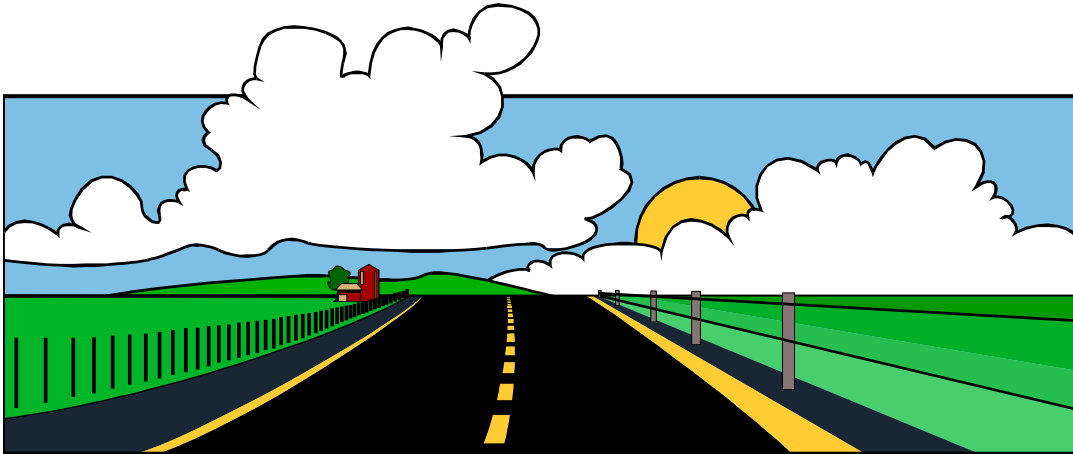


PROGRAM DEVELOPMENT PROCESS

Summary of the INDOT Federal Aid Program to Local Communities

Revised October, 2004



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Introduction

The Indiana Department of Transportation (INDOT) has a program by which local governments in Indiana may receive federal funds in support of transportation. The purpose of this document is to help the reader understand how this program works, and how they may participate.

The Federal and State Role in the Program

Each year, the states receive an allocation of federal funds from the Federal Highway Administration (FHWA). These funds are classified into several categories. Five of these are the “surface transportation program” (STP funds), Hazard Elimination/Safety (HES funds), transportation enhancement (TE funds), minimum guarantee (MG funds) and the bridge program (BR funds). INDOT shares a portion of these funds with local public agencies (LPAs). The “split” is 75% for INDOT state projects and 25% for local government including Metropolitan Planning Organizations (MPOs). This summary focuses on those funds for which an LPA may actively apply.

Of the 25%, some is reserved by federal law for urbanized areas. These are cities with populations at, or above, 50,000. The rest is for counties and smaller cities and towns. The budget section of this guide goes into greater detail on funding. INDOT administers the programs by which these funds are distributed and has established rules and procedures for their use. The guide in these matters is the *INDOT/Local Federal-Aid sharing Arrangement*.

Local Government Groupings

For purposes of this program, local units of government are grouped into one of four categories based on the latest United States Census. It is important to understand what these are.

- Group I (urbanized) Cities: Population at, or greater than, 200,000
- Group II (urbanized) Cities: Population at, or greater than 50,000 but less than 200,000
- Group III (urban) Cities and towns: Population over 5,000 and fewer than 50,000
- Group IV (rural) Towns: Populations under 5,000
- Group IV (rural) County: Any county regardless of population

Group I and II areas each receive a budget of STP funds through their Metropolitan Planning Organizations (MPOs). These MPOs are units of general-purpose local government. Projects are selected for federal aid by the MPOs via an established process of their own. INDOT does not select, or approve, these projects.

Group III and Group IV also has an annual budget, but it is not allocated to any particular unit of local government. Counties, cities and towns in these groups apply to INDOT for funding on a project by project basis if, and only if, applications are being accepted. For these areas, INDOT has an established application and review process. INDOT reviews and approves these projects for federal aid. Except for the TE program, this document is concerned only with the federal aid program for Group III and IV local public government agencies.

Table 1: Budget-All Project Types

The estimated annual amount (federal fiscal year 2003 figures) of federal aid that may be available for projects sponsored by local units of government is shown in table one. All figures are shown in millions of dollars.

GROUP	MG	STP	HES	TE	BRIDGE	TOTAL
I	9.4	35.9				45.3
II	0.0	16.7				16.7
III	2.3	14.0				16.3
IV	0.8	14.9			16.7*	32.4
All/Any			5.9	15.0		20.9
Total	12.5	81.5	5.9	15.0	16.7	131.6

*includes \$900,000.00 in MG funds

The basic programming target for approvals does not include most MG funds-except those included with bridge funds for bridge projects. These are set aside for use by the scheduling section to help account for cost increases of approved local projects and to provide flexibility when requests are made by INDOT to FHWA to obligate funds for these jobs.

Four important factors to remember:

- These funds do not come in the form of a “grant”. It is a program in which eligible expenses for the project are reimbursed. In other words, a check is not issued to the LPA when the project is approved.
- Expenses are reimbursed up to a maximum of 80%. This means that a dollar of eligible expense is reimbursed with 80 cents in federal funds. The remaining 20% must be covered with non-federal funds. This 20% amount is called the local match and is due before the notice to proceed can be given to the contractor. An exception is HES funds for which the split is 90/10 federal/local.
- Except for transportation enhancement (TE) funds, it is INDOT’s policy that all funds are available for only the construction and construction engineering phases of work. Federal aid will not be approved for preliminary engineering (PE) or right of way acquisition (ROW). Expenses for these phases must be paid for with funds from other federal, state or local sources.
- The amount actually available for programming new projects is the budget less the cost of projects already in the program. Project sponsors should realize that cost increases to existing approved projects serve to limit the amount of funding available to new applications.

Local Jurisdiction Non-Urbanized Area Road & Bridge Projects for Group III and IV Localities

Project Types and Eligibility

There are three principal types of projects, which can be funded under this program. These are bridge projects, safety projects, and roadway projects. Transportation enhancement (TE) projects can be proposed by any group and are discussed separately.

Bridge Projects

Bridge funds from the federal Highway Bridge Replacement and Rehabilitation Program (HBRRP) can only be used in Indiana for the construction phase to replace or rehabilitate an **existing** bridge. The bridge can be either off, or on, the federal aid system. How the funds may be used depends, in part, on the sufficiency rating of the bridge or if the bridge is structurally deficient and/or functionally obsolete. The bridge must also be listed on the National Bridge Inventory (NBI) selection list at FHWA at the time the application is reviewed. If not, the application will be returned as ineligible. Finally, bridge funds are available only to those bridges that have not been built, replaced or rehabilitated in the last 10 years. Table Two summarizes rules governing the bridge program.

Table 2

SUFFICIENCY RATING	WORK ELIGIBLE WITH FHWA BRIDGE FUNDS	PHASE ELIGIBLE
> 80	None *	None
< 80 but > 50	Rehabilitation Only	Construction Only
< 50	Replacement or Rehabilitation	Construction Only

**Although bridge funds can not be used, STP funds may if the bridge work is a necessary part of a road project.*

Although STP funds can be used for bridge projects, INDOT prefers to reserve STP funds for roadway projects. This is especially appropriate since bridge funds cannot be used for road projects.

Hazard Elimination/Safety Projects

To receive HES funds the project must be safety related and show how it will reduce the number and severity of crashes. The project is identified through some type of engineering survey that proves the location as hazardous. It

needs to be justified by a cost benefit analysis of crash reductions that can be expected if the safety improvement is done. Finally, the sponsor needs to commit to providing a report which evaluates the improvement and assesses the safety results. Examples of such projects would be the installation of signals and correcting sight distance problems.

Roadway Projects

STP funds can be used for the construction phase for a wide variety of traditional project types. These are new roads, road reconstruction, sight distance corrections, intersection improvements, and railroad crossing work, added travel lanes, and more. However, they cannot be used for maintenance, resurfacing, storm sewer work not incidental to a road project, and replacement of signs, etc. Unlike bridges, federal aid for road projects cannot be approved unless the route is on the federal aid system as a federal aid route. For new roads, the proposed route must be eligible to be on the system when completed. Table three lists the different functional classifications and whether or not they are eligible for federal aid to road and/or bridge projects.

Table 3

RURAL AREA FEDERAL AID SYSTEM	
Principal Arterial	Federal aid OK for road or bridge projects
Minor Arterial	Federal aid OK for road or bridge projects
Major Collector	Federal aid OK for road or bridge projects
Minor Collector	Federal aid OK for road or bridge projects
Local Road	Federal aid OK for <i>bridge projects only</i>
URBAN AREA FEDERAL AID SYSTEM	
Freeway and Expressway	Federal aid OK for road or bridge projects
Other Principal Arterial	Federal aid OK for road or bridge projects
Minor Arterial	Federal aid OK for road or bridge projects
Collector Street	Federal aid OK for road or bridge projects
Local Street	Federal aid OK for <i>bridge projects only</i>

Limitations

There are other things to keep in mind when applying for federal funds under this program.

Metropolitan Planning Organizations (MPOs)

These planning organizations are units of general-purpose local government and have two boundaries. The inner or urbanized area boundary (UAB), and the outer or metropolitan planning area boundary (MPA). Anything outside the MPA is considered rural or non-urbanized. The location of a project in relation to these boundaries will affect what funds are available and whether or not the project must be listed in the respective MPO's annual transportation improvement program (TIP). Table Four shows how.

Table 4

PROJECT LOCATION	POSSIBLE SOURCE OF FEDERAL FUNDS	MPO TIP LIST
<i>Inside the UAB of MPO</i>	Metropolitan Planning Organization Only	Yes
<i>Outside UAB/Inside MPA</i>	Metropolitan Planning Organization and/or INDOT	Yes
<i>Outside MPA</i>	INDOT Only	No

The "Four Bridge Limit"

Current policy states that a county cannot have more than four bridges approved for bridge (BR) funds, and not let for construction, at one time under this program. This policy was developed in cooperation with local government associations. Bridge projects funded by other sources do not count toward this limit.

Bridge Approaches

FHWA has restricted the amount of approach work that can be funded with bridge funds. In general, the maximum is 200 feet either side of the bridge's deck.

Annual Funding Limit

Group III and Group IV communities may receive no more than 2.5 million dollars in STP and/or MG funds per year. This is not per project, but is per LPA.

Cost Increases

Any increase in cost to a project above the original approved amount must be covered with local funds, or the project must be resubmitted for approval at the higher cost. For projects using STP funds, approved cost increases will be covered up to the 2.5 million-dollar limit cap for Group III and Group IV STP funded projects.

Assistance with Local Match

Effective April 1, 2003, INDOT will allow the costs that cities, towns and counties spend on development, design or land acquisition phases of a local road project to be counted for up to half of the 20 percent local match required for the construction phase of the project provided the total federal share of the project does not exceed 80%. The will apply only to those projects that had not been offered to contractors for bids, as of April 1, 2003.

Local Transportation Enhancement (TE) Projects-Any Locality

Overview

Technically, these funds are STP funds reserved for non-traditional transportation improvement projects. The nation's surface transportation program has traditionally focused on the development of a highway system for the efficient movement of goods and people. Our highways offer unprecedented mobility benefits. But increasing concerns about air quality, open space, and traffic congestion led Congress to create several new programs through the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA). One of those programs is the Transportation Enhancement (TE) program. It broadens the federal focus on transportation from building highways to funding tied to planning requirements aimed at promoting a transportation system of diverse modes and improving the quality of life. All rules concerning other local federal aid projects apply to TE program funds with the following exceptions.

How the Transportation Enhancement Program Differs

- These funds are available to all LPA groups
- They are for only non-traditional transportation related projects such as trails, restoration of historic transportation structures, street beautification, museums, etc.
- The PE and ROW phases of work can be funded under this program
- Not-for-profit groups can apply if sponsored by a unit of government.
- Projects do not need to be on the federal aid system.
- The deadlines for Transportation Enhancement Applications are different.

Enhancement Projects Defined

To be eligible for Transportation Enhancement (STP) funds, projects must fall into at least one of these 12 activities:

1. Pedestrian and Bicycle Facilities
2. Pedestrian and Bicycle Safety and Education Materials
3. Acquisition of Scenic or Historic Easements and Sites
4. Scenic or Historic Highway Programs including Tourist and Welcome Centers
5. Landscaping and Scenic Beautification
6. Historic Preservation
7. Rehabilitation and Operation of Historic Transportation Buildings, Structures, or Facilities
8. Conversion of Railway Corridors to Trails
9. Control and Removal of Outdoor Advertising
10. Archaeological Planning and Research
11. Environmental Mitigation of Highway Runoff Pollution and Provision of Wildlife Under-crossings
12. Establishment of Transportation Museums

Remember that federal enhancement funds may not be used for what might be considered as maintenance or routine highway improvements. TE projects must be a special or additional activity not normally required on a highway or transportation project. The program requires creativity and innovation in planning, design, and partnership development.

Application and Review Process-All Project Types

Each year, INDOT takes a look at the current program of approved projects to see if there is room for any more and, if so, which type. Once this is determined a “call for projects” is issued-now during the first calendar quarter.

1. A letter is sent to every LPA in Indiana. The letter announces the call and states which LPA group and/or project type is being accepted for consideration. Attached to the letter are specific instructions on how to apply. Beginning with the call issued in 2002, the preferred method is for the applicant to prepare and file their application on-line via INDOT’s web site. Paper applications are available for those for whom this is not possible and for all projects seeking funds under the Transportation Enhancement Program (TE).
2. Applicants access the web site and begin preparing one or more applications.
3. After all applications are received and the deadline has passed, the review process begins. During this process the LPAs and the projects are checked for eligibility and then reviewed against each other. The review process includes consultation with the local assistance coordinators at INDOT’s district offices in addition to experts at the central office in Indianapolis via several Program Management Groups (PMGs). During this time, any applicant may schedule a meeting with the programming section to discuss their proposed project.
4. Once the reviews are completed the LPAs are notified of the results.
5. Approved projects are given a designation (des) number and INDOT’s Programming Section programs them into INDOT’s schedule of projects as proposed projects. Once the applicant accepts the approval and formally commits to the project it is then authorized and work may proceed.
6. From this point, the engineers and staff in INDOT’s Local Transportation Section work with the LPA in development of the project.

Project Review Criteria-an Overview

The following is a list of factors employed during the evaluation of applications for federal aid for local transportation projects. It does *not* include the Transportation Enhancement Program (TE). It *does* include traditional road and bridge projects. The review process has three primary stages: Eligibility, Project Ranking by type of project, and Budget.

Eligibility: Each application is screened on two factors

1. Is the applicant eligible for federal funds under this program?
2. Is the project eligible for federal funds under this program?

Project Ranking: If application is eligible, it is then sent to the appropriate Program Management Group (PMG). These groups evaluate like projects and rank them based on criteria appropriate to the type of project. These are:

- Bridge sufficiency rating, and capacity
- Is a bridge on FHWA’s selection list of eligible bridges?
- Daily traffic (ADT) and type of traffic
- Accident history, if any
- Connectivity to other state or local projects/routes
- Planning support at the local level
- Economic support and development issues
- Social issues, public support
- Issues of relinquishment
- Accident Prediction Factor (APF) for railroad crossings
- Prior work done-when and what
- District priority
- Pavement condition and lane width

- Performance history of applicant for type of project
- Relationship of estimated cost to scope of work
- Drainage issues, if any
- Disposition of any previous applications from applicant
- Funding participation by private entity or MPO.
- Need of project construction to be phased over more than one year
- Cost benefit analysis if seeking HES funds
- Functional classification for route

Budget and Overall Program: Once projects are prioritized by type they are then sorted into their respective funding groups (Bridge, HES, Group III, and Group IV.) A cut off point is established based on the available budget against a running total of possible approvals. Projects are then recommended for approval, denial, or deferral pending resolution of some other issue, if any. Some additional criteria at this stage are:

1. Number and value of projects applicant currently has in program
2. Affect of approval on number of projects that could be approved (not all funds can go to one or two applicants with high cost projects).
3. Estimated construction date of project in relation to projects currently in that particular program year.
4. Geographic distribution of projects (not all can go into one area or INDOT district).

Post Approval Development Process-All Project Types

Project sponsors should contact the local transportation section as soon as possible after notification of approval. Projects in the system are monitored for progress and changes in scope or cost. The disposition of future applications will depend, in part, on the LPAs performance in developing earlier approved projects funded under this program.

Frequently Asked Questions (FAQs) -All Project Types

1. Can I apply outside of an official call? NO
2. Can I use bridge funds for a road project? NO
3. Can I use STP funds for a bridge project? YES, if part of a road project.
4. Can I get a designation number and have the project programmed for the purposes of only having the plans approved? NO, unless the project is funded by an MPO with their funds or with only local funds..
5. Can a bridge receive federal aid bridge funds if it has already been rehabilitated or replaced? YES if not in the last ten years, regardless of fund source.
6. If turned down, can I re-apply? YES, provided the LPA and the project are eligible and a call is issued for the group and project type in question.
7. Does past performance on approved project(s) affect any new applications? YES. An LPA that has a history of not developing approved projects, or for which an excessive amount of time is needed is less likely to be approved for additional funding.
8. Can we increase the amount of local match? YES. This also makes the application more competitive.
9. Can we withdraw an approved project in order to support approval of a new project? YES, with the understanding that approvals are for a specific project, and funds cannot be "transferred" to another.
10. Is a plan of proposed projects in our community needed or required? NO, but it is a big plus for your application. Almost any community planning or needs assessment work helps support the application.
11. Do we need to meet with the programming staff personally? NO, but it is helpful in understanding the social and planning aspects of your community and the project.
12. Are we required to use a consulting firm to make an application? NO
13. Does INDOT approve STP or bridge funds for preliminary engineering and right-of-way expenses? NO. These funds are approved for construction and construction engineering, only.
14. Can we divide a project into phases over more than one fiscal year? YES, provided the termini are logical.
15. Can TE funds be used for regular road and bridge projects? NO
16. Can STP or Bridge funds be used for TE type projects? NO